

LEOFF Retirement System

Plan 2 Disability Benefits

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System Plan 2 provides disability benefits for members who become totally incapacitated for continued employment in a LEOFF-eligible position. This publication provides information about eligibility for duty and non-duty disability retirement benefits and the requirements for continued eligibility. The Department of Retirement Systems (DRS) recommends that you contact a LEOFF retirement services analyst if you intend to apply for disability benefits. See "How Do I Apply?" on page 3.

You may also be eligible for benefits from the Department of Labor and Industries (workers' compensation benefits), the Department of Social and Health Services, the Social Security Administration and your employer. Please contact these organizations directly for more information.

Am I eligible for disability retirement?

You may be eligible for disability retirement benefits if you are totally incapacitated for continued employment with your LEOFF employer and you leave that employment as a result of the disability. No minimum amount of service credit is required for you to be eligible for a LEOFF Plan 2 disability retirement benefit.

You must file an application with DRS before you can qualify for disability retirement benefits. DRS will determine whether or not you are capable of carrying out the duties of the job that you performed at the time of the disability, or any other LEOFF eligible employment you are qualified to perform. DRS will also determine if your disability occurred in the line of duty. You are responsible for scheduling and paying for independent medical examinations to prove that you qualify for a disability retirement benefit.

What is my benefit?

Duty Disability

If your disability occurred in the line of duty, you may choose between a non-taxable:

- one-time lump sum payment equal to 150% of your eligible retirement contributions (see note); or
- minimum monthly benefit of at least 10% of your final average salary.

Final average salary (FAS) is the monthly average of your 60 consecutive highest-paid service credit months. If you have fewer than 60 service credit months when you become disabled, the average will be based on your actual total of service credit months. If the normal retirement benefit calculation rule (see non-duty disability calculation) yields a monthly benefit greater than 10% of your FAS, you will receive the higher benefit amount, but only the amount equal to 10% of your FAS is non-taxable. (Note: Contributions made to restore service credit *after* the restore deadline are only refunded at 100%.)

Temporary Duty Disability - Service Credit Purchase

If you do not earn full service credit because of leave associated with a duty disability, you have the option to purchase up to six months of service credit for each covered duty disability. To establish service credit:

- your disability must have occurred in the line of duty; and
- you must be employed in an eligible position or be on an authorized leave of absence; and
- you and your employer must make employer and member contributions on the compensation you would have earned had you been working; and
- you must be receiving workers' compensation benefits **and** disability leave supplement or similar benefits provided by your employer .



LEOFF Plan 2 Disability Benefits

If your employer does not offer disability leave supplement or similar benefits, you are ineligible to purchase service credit under temporary duty disability provisions. However, you may be eligible for service credit under the leave-of-absence provisions. See your *LEOFF Plan 2 Member Handbook* for more information.

Non-Duty Disability

If your disability did not occur in the line of duty, you may receive a monthly benefit calculated as follows:

$$2 \text{ percent} \times \text{FAS} \times \text{service credit years.}$$

Service credit refers to your years of service at the time you separated from employment. (For FAS definition, see “Duty Disability” section on page 1.) Your benefit will be actuarially reduced to reflect the difference between your age at the time of disability retirement and age 53. The reduction is determined using the actuarial tables provided by the Office of the State Actuary.

Lump sum payment instead of monthly benefit

If your monthly benefit will be less than \$50, you may choose between a monthly benefit or a lump sum payment. If you choose a lump sum payment, you are considered retired from LEOFF. If you choose a monthly benefit, you cannot take a lump sum payment at a later date.

How is my benefit taxed?

Duty disability benefits are non-taxable for amounts up to 10% of your FAS. (See “Duty Disability” section under “What is my benefit?” on page 1.) Non-duty disability benefits are subject to federal income tax, with the exception of any portion taxed before it was contributed. After you retire, DRS will let you know how much (if any) has already been taxed, and is therefore exempt. You will then need to complete a W-4P form so the proper tax amount is withheld from your monthly benefit. If you do not complete the form, DRS will apply IRS withholding rules as though you are married and claiming three exemptions. It is your responsibility to declare the correct amount of taxable income on your income tax return.

What are my survivor options?

For both duty and non-duty disabilities, if you choose monthly benefit payments, you may select a single beneficiary to receive a continuing benefit in the event of your death. However, if you select a survivor option your benefit will be reduced. The benefit reduction will be based on the survivor option you choose and the difference between your age and the age of the beneficiary you select. To learn more about designating a beneficiary and survivor benefit options, please refer to your *LEOFF Plan 2 Member Handbook*.

Can my benefits increase after I retire?

On July 1 of every year following your first full year of retirement, your monthly benefit will be adjusted by the percentage change in the Consumer Price Index (CPI-U, Seattle), to a maximum of 3 percent per year.

Will my benefit end?

If you receive a monthly disability retirement benefit, DRS may require you to undergo periodic comprehensive medical examinations. You or your doctor must report any change in your condition to DRS.

If a medical examination shows that you have recovered from your disability and you are no longer entitled to workers’ compensation benefits, DRS will cancel your retirement benefit and issue an order that you be restored to duty. If this happens, you will be entitled to notice and a hearing. If you are unable to perform the duties of your former rank, you may request assignment to a lower rank which has duties you are able to perform. In no event are you to be restored to duty at a pay rate that is less than the current rate for the position you held at the time you began your retirement.

LEOFF Plan 2 Disability Benefits

Following cancellation of your disability retirement benefit and upon your return to a LEOFF eligible position, you will again earn service credit and become eligible for the benefits available to an active member.

How do I apply?

Contact DRS in writing or by phone and request an application. See contact information at the end of this publication. Provide the following information:

- Name
- Address
- Daytime phone number
- Social Security Number
- Employer's name
- Retirement system and plan
- Spouse's birth date (if married)
- The date you became disabled
- Indicate if your disability occurred in the line of duty
- The date you separated or will separate from service

A retirement services analyst will provide you with an estimate of your benefit at the time the disability application is mailed to you. When you receive your packet, make sure that all three parts of the *LEOFF Plan 2 Disability Retirement Application* are completed by the proper persons and returned to DRS.

- **Part 1: Disability Retirement Application.** *You must complete, sign and have notarized. If you are married, your spouse must also sign the application in the presence of a notary public.*
- **Part 2: Employer's Statement and Report.** *Your employer must complete, sign and return directly to DRS.*
- **Part 3: Medical Report.** *You must complete section one. Your physician must complete sections two, three and four, sign and return directly to DRS.*

You may apply for a disability retirement and receive a determination of eligibility prior to separating from employment. You do need to be separated from employment in order to receive disability benefits.

How long does approval take and when will my benefit begin?

Once DRS has received all three parts of the disability application (as described under "How do I apply?") the determination process may take between two to four weeks. The process may take longer if the application is incomplete or if DRS requires additional information from you or other sources concerning your application. A retirement services analyst will contact you if DRS needs additional information.

The disability allowance paid to a disabled member accrues from the first day of the calendar month immediately following the member's separation from employment for disability.

Can I work after retiring for disability?

Your disability retirement benefits may be affected if you go to work for any public employer in Washington. In some cases, depending on the position and the extent to which you work, retirement benefits may be suspended, and you may be required to make contributions to a retirement system. If you decide to return to work, you may call DRS to determine how your benefits will be affected. You will find a brief summary of the returning-to-work requirements in the DRS publication *Thinking About Working After Retirement?*

Other provisions concerning your disability retirement

Appealing a decision

If DRS denies your application for benefits or determines that your disability did not occur in the line of duty, you may petition for a review within 120 days of receiving the denial. Instructions for how to petition a decision will be mailed to you if your application is denied.

If your disability retirement application is denied, do not file another application based on the same medical condition. DRS does not consider it a new application and will uphold the original decision. However, if the same condition gets worse or if you are able to provide additional information, you may file another application.

Errors

If you receive an overpayment of your disability benefit or refund, DRS will require you to repay the overpayment. If you receive an underpayment, DRS will correct the error and pay you in full.

Assignment and attachment of benefits

Your retirement benefits may be subject to payment of court and administrative orders for spousal maintenance and child support, or payment of any orders authorized by federal law. DRS is authorized to divide benefits between members and ex-spouses based upon court-ordered property division. If the divorce decree complies with the applicable law, DRS will send the property division payment directly to the ex-spouse. See the DRS online publications, *How Can a Property Division Affect My Retirement Account?* and *Can Legal Action Affect My Retirement Account?*

Where to find more information

Refer to your *LEOFF Plan 2 Member Handbook* or visit the DRS Web site at: www.drs.wa.gov. DRS office hours are 8 a.m. to 5 p.m., Monday through Friday, except legal holidays. Before visiting, please call to schedule an appointment.

Send mail to:

Department of Retirement Systems
PO Box 48380
Olympia, WA 98504-8380

Web site:

www.drs.wa.gov

Call:

Toll-free at 1-800-547-6657
Olympia area call (360) 664-7000

E-mail:

recep@drs.wa.gov

The provisions governing your disability benefits are contained in the Revised Code of Washington (RCW) Chapter 41.26 and Washington Administrative Code (WAC) 415-104. This publication summarizes those provisions. It is not a complete description of the law. If there are any conflicts between what is written in this publication and what is contained in the law, the applicable law will govern.

For information about obtaining a copy of this publication in an alternate format, contact DRS Publications at 800-547-6657, extension 47278. From the Olympia area, call 360-664-7278.

DRS
DEPARTMENT OF
RETIREMENT
SYSTEMS